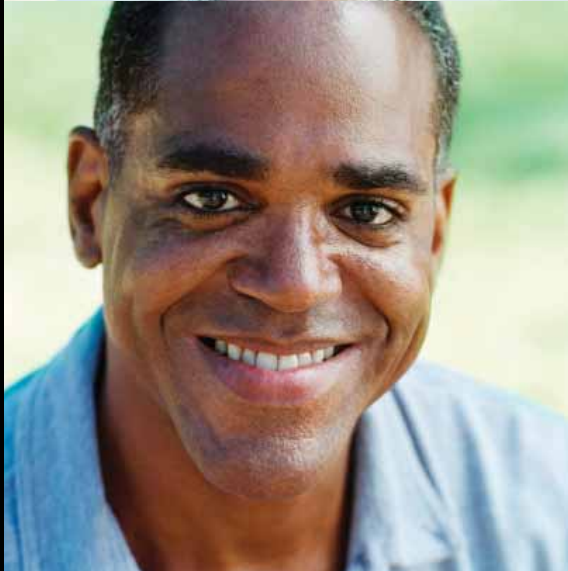



2006

ANNUAL
REPORT

Peoples Bancorp
OF NORTH CAROLINA, INC.





As our name suggests, we are all about people: the customers we are privileged to serve, our respected employees, our valued shareholders, and the citizens of our communities. We are always aware that the future of our bank depends on all these people. Because of them, we can report to you another year of continued success. From Peoples Bank, thanks to all the great people who've supported us.

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from the president

At the conclusion of last year's Annual Report to Shareholders, I commented that we expected 2006 to present its own set of new challenges and opportunities for continued growth at Peoples Bancorp of North Carolina, Inc. I further shared my belief that we were well positioned to capitalize upon such opportunities. We were not disappointed. Peoples Bancorp experienced its most profitable year in the Company's history when we closed the books on December 31, 2006. Success is measured in other ways as well such as asset growth, shareholder return, employee development, customer satisfaction, and community reinvestment. In all categories and by all measurements, Peoples Bancorp experienced a successful year in 2006.

Consolidated earnings at Peoples Bancorp, increased 45% to \$9.2 million, or \$2.41 basic net income per share and \$2.36 diluted net income per share, at December 31, 2006. The increase in earnings can be attributed to growth in interest-earning assets, which led to increases in net interest income and non-interest income. In addition, the Company realized a decrease in the provision for loan losses for the year just ended indicating continued improvement in the quality of the Bank's loan portfolio. The increases in net interest income and non-interest income were partially offset by an increase in non-interest expense.

Shareholders participated in the success we experienced last year as evidenced by cash dividends in the amount of \$0.50 per share which were distributed and/or declared throughout the year. Regular quarterly cash dividends totaling \$0.44 per share were paid to shareholders in addition to a special year-end cash dividend of \$0.06 per share which was declared in December and was distributed in February, 2007. It is also important to note that the market value of Peoples Bancorp Common Stock increased 37% from \$20.46 per share at December 31, 2005 to \$28.02 per share at December 31, 2006.

Assets grew 12% over the past twelve months to \$818.9 million. Loans increased 15% to \$651.4 million while deposits totaled \$633.8 million, an increase of 9% during 2006. A strategic initiative throughout last year was to increase the Bank's share of core deposits. I am pleased to report that core deposits, comprised of non-interest bearing demand deposits, NOW, Money Market Deposit Accounts, savings, and certain certificates of deposit, increased \$9.2 million to \$439.6 million during 2006. At December 31, 2006, shareholders' equity had increased to \$62.8 million, or 7.67% of total assets, as compared to \$54.4 million, or 7.44% of total assets, one year ago.

Peoples Bank's initiative to address the financial needs of our Latino population through Banco de la Gente continues to be well received. We opened our third Latino business center in June, 2006. Our newest office is located in Monroe, North Carolina on West Roosevelt Boulevard, and it complements our two Latino offices in Charlotte on South Boulevard and Central Avenue. Research is ongoing relative to additional sites in strategic cities across the State that could support this business model.

Construction has also begun for the Bank's fifteenth full-service traditional business center to be located on North Carolina Highway 150, west of Mooresville, North Carolina. Occupancy is anticipated by October of this year. Regulators recently approved our application for a boutique style business center to be located in Cornelius, North Carolina in the Village at Oakhurst, and it is our hope to be operational in this facility during second quarter.

At Peoples Bank, the dedication and commitment of our professional banking associates can never be underestimated. Throughout the organization, our people represent the driving force that differentiates us from the competition. Our desire is to consistently deliver unparalleled banking service to our client base, and our people are successful in doing so. Exceptional customer service has become the expected standard by which we are enabled to exceed customer expectations. As management, we are committed to creating a culture where our employees feel valued, respected, and involved. We want our employees to be informed and encouraged to be innovative as decisions are made. We also are committed to enhancing the quality of their lives by providing opportunities for growth and fulfillment.

Your Board of Directors has continued to be diligent in the discharge of their duties as shareholder representatives. I wish to express appreciation to each of them for the talents they bring to the table. The insight and perspective which they share throughout the year are invaluable resources to the success of this Company. Please join me in thanking them for their dedication and commitment.

Let me use this opportunity to remind you of services offered through Peoples Bank's two wholly-owned subsidiaries—Peoples Investment Services, Inc. and Real Estate Advisory Services, Inc. Peoples Investment Services, Inc. is affiliated with Raymond James Financial Services, Inc. and provides access to non-traditional financial investments including mutual funds, annuities, stocks, bonds, life insurance, long term care insurance, trust services, and retirement planning services for businesses. Real Estate Advisory Services, Inc. operates as a real estate firm specializing in real estate appraisals, consulting, and property management. We would welcome the opportunity to assist you with any of these specialized financial services.

As Peoples Bank enters its 95th year of service, it is important that we remain vigilant to changes that are certain to occur in our operating environment and that we embrace the element of change as an opportunity for our Company. You can be assured that we will explore, evaluate, and embrace new technology, products, and services. We will be constantly looking to improve how we do business with our customers utilizing the highest standards of integrity and accountability. We appreciate the opportunity to be your financial partner of choice, and we always welcome your comments and suggestions as we move forward.

Sincerely,



Tony W. Wolfe
President and Chief Executive Officer



financial performance summary

Net income for the year ended December 31, 2006 totaled \$9.2 million or \$2.41 basic net income per share and \$2.36 diluted net income per share as compared to \$6.3 million or \$1.67 basic net income per share and \$1.64 diluted net income per share for the year ended December 31, 2005. The increase in consolidated net earnings for 2006 was primarily attributable to a growth in interest-earning assets, which contributed to increases in net interest income and non-interest income. In addition, the Company had a decrease in the provision for loan losses, which were partially offset by an increase in non-interest expense. Net interest income increased 22% to \$32.3 million for the year ended December 31, 2006 compared to \$26.5 million for the previous year. This increase is attributable to an increase in interest income due to increases in the prime rate resulting from Federal Reserve interest rate increases combined with an increase in the average outstanding balance of loans and available for sale securities. The Company's provision for loan losses amounted to \$2.5 million for the year ended December 31, 2006, as compared to \$3.1 million in 2005. The decrease in the provision for loan losses is primarily attributable to a decrease in net charge-offs of \$2.1 million for the year ended December 31, 2006 when compared to the same period in 2005, offset by the effect of loan growth. At December 31, 2006, the ratio between the allowance for loan losses and total outstanding loans was 1.27% as compared to 1.31% at December 31, 2005.

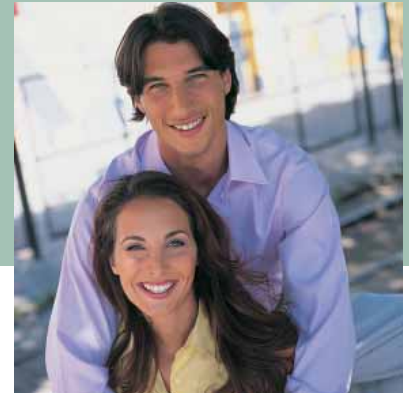
Non-interest income increased 13% to \$7.6 million during the year ended December 31, 2006 as compared to \$6.7 million for the prior year. The increase in non-interest income was primarily due to an increase in service charges and fees resulting from activity in new branches opened in 2004, 2005

and 2006, an increase in debit card fee income and an income distributed by a SBIC investment owned by the Bank. Non-interest expense increased 13% in 2006 to \$23.0 million as compared to \$20.3 million in 2005. The increase in non-interest expense included an increase of \$921,000 or 8% in salaries and benefits expense primarily due to normal salary increases and increased incentive expense, an increase of \$231,000 or 6% in occupancy expense, primarily due to an increase in furniture and equipment expense and lease expense, and a 27% increase in non-interest expenses other than salary, benefits and occupancy expenses.

Total assets grew 12% at December 31, 2006 to \$818.9 million as compared to \$730.3 million at December 31, 2005. The Company increased its investment securities portfolio in 2006 by \$3.9 million combined with an increase of \$84.7 million in loans. Loans at December 31, 2006 totaled \$651.4 million while deposits totaled \$633.8 million, an increase of 9% from the prior year.

Shareholders' equity amounted to \$62.8 million at December 31, 2006. The Company's shareholders' equity to total assets was 7.67% at December 31, 2006 as compared to 7.44% at December 31, 2005. The Company ended the year as a well-capitalized financial institution. Directors of Peoples Bancorp authorized cash dividends to shareholders in the amount of \$0.50 per share during 2006, which totaled \$1.9 million.

Book value per share was \$16.40 at December 31, 2006 as compared to \$14.36 at December 31, 2005. Peoples Bancorp common stock closed at \$28.02 per share on December 31, 2006 as compared to \$20.46 on December 31, 2005.





financial highlights

| <i>dollars in thousands except per share amounts</i> | 2006 | 2005 | Change |
|--|------------|---------|--------|
| Interest income | \$ 55,393 | 41,913 | 32% |
| Interest expense | 23,110 | 15,429 | 50% |
| Net interest income after provision for loan losses | 29,770 | 23,374 | 27% |
| Non-interest income | 7,554 | 6,668 | 13% |
| Non-interest expense | 22,983 | 20,330 | 13% |
| Income taxes | 5,170 | 3,381 | 53% |
| Net income | \$ 9,171 | 6,331 | 45% |
| Per Share* | | | |
| Basic net income | \$ 2.41 | 1.67 | 44% |
| Diluted net income | 2.36 | 1.64 | 44% |
| Cash dividends | 0.50 | 0.37 | 35% |
| Market price at December 31 | 28.02 | 20.46 | 37% |
| Book value at December 31 | 16.40 | 14.36 | 14% |
| At Year-end | | | |
| Loans, net | \$ 643,078 | 559,239 | 15% |
| Mortgage loans held for sale | - | 2,248 | -100% |
| Available for sale securities | 117,581 | 115,158 | 2% |
| Assets | 818,948 | 730,280 | 12% |
| Deposits | 633,820 | 582,854 | 9% |
| Shareholders' equity | 62,835 | 54,353 | 16% |
| Key Performance Ratios | | | |
| Return on average assets | 1.19% | 0.90% | |
| Return on average shareholders' equity | 14.68% | 11.31% | |
| Dividend payout ratio | 20.78% | 22.34% | |
| Average shareholders' equity to total average assets | 8.09% | 7.92% | |

*Per share computations have been retroactively restated to reflect 10% stock dividends during first quarter 2005 and second quarter 2006

selected financial data



| <i>dollars in thousands except per share amounts</i> | | 2006 | 2005 | 2004 | 2003 | 2002 |
|--|----|-----------|-----------|-----------|-----------|-----------|
| Summary of Operations | | | | | | |
| Interest income | \$ | 55,393 | 41,913 | 35,095 | 33,799 | 35,550 |
| Interest expense | | 23,110 | 15,429 | 12,335 | 12,749 | 15,777 |
| Net interest income | | 32,283 | 26,484 | 22,760 | 21,050 | 19,773 |
| Provision for loan losses | | 2,513 | 3,110 | 3,256 | 6,744 | 5,432 |
| Net interest income after provision for loan losses | | 29,770 | 23,374 | 19,504 | 14,306 | 14,341 |
| Non-interest income | | 7,554 | 6,668 | 6,000 | 5,825 | 6,443 |
| Non-interest expense | | 22,983 | 20,330 | 18,840 | 17,072 | 15,636 |
| Income before taxes | | 14,341 | 9,712 | 6,664 | 3,059 | 5,148 |
| Income taxes | | 5,170 | 3,381 | 2,233 | 1,055 | 1,712 |
| Net income | \$ | 9,171 | 6,331 | 4,431 | 2,004 | 3,436 |
| Selected Year-End Balances | | | | | | |
| Assets | \$ | 818,948 | 730,280 | 686,348 | 674,032 | 645,638 |
| Available for sale securities | | 117,581 | 115,158 | 105,598 | 79,460 | 71,736 |
| Loans, net | | 643,078 | 559,239 | 527,419 | 542,404 | 519,122 |
| Mortgage loans held for sale | | - | 2,248 | 3,783 | 587 | 5,065 |
| Interest-earning assets | | 780,082 | 692,835 | 653,111 | 639,934 | 609,052 |
| Deposits | | 633,820 | 582,854 | 556,522 | 549,802 | 515,739 |
| Interest-bearing liabilities | | 650,364 | 576,681 | 553,135 | 550,357 | 527,525 |
| Shareholders' equity | \$ | 62,835 | 54,353 | 50,938 | 48,554 | 48,605 |
| Shares outstanding* | | 3,830,634 | 3,784,886 | 3,793,175 | 3,793,594 | 3,791,592 |
| Selected Average Balances | | | | | | |
| Assets | \$ | 772,585 | 706,843 | 684,385 | 661,077 | 625,227 |
| Available for sale securities | | 118,137 | 108,690 | 93,770 | 72,072 | 77,414 |
| Loans | | 604,427 | 550,545 | 547,753 | 539,559 | 507,879 |
| Interest-earning assets | | 732,244 | 668,614 | 650,528 | 626,197 | 593,380 |
| Deposits | | 605,407 | 570,997 | 558,142 | 533,703 | 499,224 |
| Interest-bearing liabilities | | 613,686 | 563,210 | 553,880 | 540,676 | 516,747 |
| Shareholders' equity | \$ | 62,465 | 55,989 | 51,978 | 49,971 | 48,257 |
| Shares outstanding* | | 3,801,219 | 3,794,860 | 3,805,317 | 3,791,761 | 3,813,890 |
| Profitability Ratios | | | | | | |
| Return on average total assets | | 1.19% | 0.90% | 0.65% | 0.30% | 0.55% |
| Return on average shareholders' equity | | 14.68% | 11.31% | 8.52% | 4.01% | 7.12% |
| Dividend payout ratio | | 20.78% | 22.34% | 28.37% | 62.56% | 36.58% |
| Liquidity and Capital Ratios (averages) | | | | | | |
| Loan to deposit | | 99.84% | 96.42% | 98.14% | 101.10% | 101.73% |
| Shareholders' equity to total assets | | 8.09% | 7.92% | 7.59% | 7.56% | 7.72% |
| Per share of common stock* | | | | | | |
| Basic net income | \$ | 2.41 | 1.67 | 1.16 | 0.53 | 0.90 |
| Diluted net income | \$ | 2.36 | 1.64 | 1.15 | 0.53 | 0.90 |
| Cash dividends | \$ | 0.50 | 0.37 | 0.33 | 0.33 | 0.33 |
| Book value | \$ | 16.40 | 14.36 | 13.43 | 12.80 | 12.82 |

*Shares outstanding and per share computations have been retroactively restated to reflect 10% stock dividends during first quarter 2005 and second quarter 2006



Porter Keadle Moore, LLP

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
Peoples Bancorp of North Carolina, Inc.
Newton, North Carolina

We have audited the consolidated balance sheets of Peoples Bancorp of North Carolina, Inc. as of December 31, 2006 and 2005, and the related consolidated statements of earnings, changes in shareholders' equity, comprehensive income and cash flows for each of the three years in the period ended December 31, 2006. Such consolidated financial statements and our report thereon dated February 27, 2007, expressing an unqualified opinion (which are not included herein) are included in the proxy statement for the 2007 annual meeting of shareholders. The accompanying condensed consolidated balance sheets and consolidated statements of earnings are the responsibility of the Company's management. Our responsibility is to express an opinion on such consolidated balance sheets and consolidated statements of earnings in relation to the complete consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated balance sheets as of December 31, 2006 and 2005 and the related consolidated statements of earnings for each of the three years in the period ended December 31, 2006, is fairly stated in all material respects in relation to the basic consolidated financial statements from which it has been derived.

Porter Keadle Moore, LLP

Atlanta, Georgia
February 27, 2007

Certified Public Accountants

Suite 1800 • 235 Peachtree Street NE • Atlanta, Georgia 30303 • Phone 404-588-4200 • Fax 404-588-4222 • www.pkm.com

consolidated balance sheets



| <i>December 31, 2006 and 2005</i> | | <i>2006</i> | <i>2005</i> |
|---|----|-------------|-------------|
| Assets | | | |
| Cash and due from banks, including reserve requirements of \$6,243,000 and \$5,229,000 | \$ | 18,860,318 | 18,468,999 |
| Federal funds sold | | 2,640,000 | 1,347,000 |
| Cash and cash equivalents | | 21,500,318 | 19,815,999 |
| Investment securities available for sale | | 117,581,000 | 115,158,184 |
| Other investments | | 7,295,449 | 5,810,749 |
| Total securities | | 124,876,449 | 120,968,933 |
| Mortgage loans held for sale | | - | 2,247,900 |
| Loans | | 651,381,129 | 566,663,416 |
| Less allowance for loan losses | | (8,303,432) | (7,424,782) |
| Net loans | | 643,077,697 | 559,238,634 |
| Premises and equipment, net | | 12,816,385 | 12,662,153 |
| Cash surrender value of life insurance | | 6,532,406 | 6,311,757 |
| Accrued interest receivable and other assets | | 10,144,283 | 9,034,239 |
| Total assets | \$ | 818,947,538 | 730,279,615 |
| Liabilities and Shareholders' Equity | | | |
| Deposits: | | | |
| Non-interest bearing demand | \$ | 101,393,142 | 94,660,721 |
| NOW, MMDA & savings | | 174,577,641 | 183,248,699 |
| Time, \$100,000 or more | | 194,176,291 | 152,410,976 |
| Other time | | 163,673,215 | 152,533,265 |
| Total deposits | | 633,820,289 | 582,853,661 |
| Demand notes payable to U.S. Treasury | | 1,600,000 | 1,473,693 |
| Securities sold under agreement to repurchase | | 6,417,803 | 981,050 |
| FHLB borrowings | | 89,300,000 | 71,600,000 |
| Junior subordinated debentures | | 20,619,000 | 14,433,000 |
| Accrued interest payable and other liabilities | | 4,355,073 | 4,585,217 |
| Total liabilities | | 756,112,165 | 675,926,621 |
| Shareholders' equity: | | | |
| Preferred stock, no par value; authorized 5,000,000 shares; no shares issued and outstanding | | - | - |
| Common stock, no par value; authorized 20,000,000 shares; issued and outstanding 3,830,634 shares in 2006 and 3,440,805 shares in 2005 | | 51,122,147 | 41,096,500 |
| Retained earnings | | 12,484,463 | 14,656,160 |
| Accumulated other comprehensive income (loss) | | (771,237) | (1,399,666) |
| Total shareholders' equity | | 62,835,373 | 54,352,994 |
| Total liabilities and shareholders' equity | \$ | 818,947,538 | 730,279,615 |

Refer to Appendix A of Peoples Bancorp of North Carolina, Inc. Proxy Statement, dated April 4, 2007, for a complete set of Consolidated Financial Statements.



consolidated statements of earnings

| <i>For the years ended December 31, 2006, 2005 and 2004</i> | 2006 | 2005 | 2004 |
|---|---------------------|-------------------|-------------------|
| Interest income: | | | |
| Interest and fees on loans | \$ 49,667,700 | 37,123,327 | 31,073,135 |
| Interest on federal funds sold | 85,307 | 72,578 | 35,236 |
| Interest on investment securities: | | | |
| U.S. Government agencies | 4,321,346 | 3,584,755 | 2,903,865 |
| States and political subdivisions | 798,185 | 735,892 | 660,227 |
| Other | 521,077 | 396,020 | 422,377 |
| Total interest income | 55,393,615 | 41,912,572 | 35,094,840 |
| Interest expense: | | | |
| NOW, MMDA & savings deposits | 3,060,201 | 2,644,413 | 1,899,249 |
| Time deposits | 14,188,623 | 8,923,488 | 7,145,486 |
| FHLB borrowings | 3,588,169 | 2,888,785 | 2,602,866 |
| Junior subordinated debentures | 1,962,692 | 938,145 | 676,547 |
| Other | 310,188 | 33,790 | 10,518 |
| Total interest expense | 23,109,873 | 15,428,621 | 12,334,666 |
| Net interest income | 32,283,742 | 26,483,951 | 22,760,174 |
| Provision for loan losses | 2,513,282 | 3,110,000 | 3,256,000 |
| Net interest income after provision for loan losses | 29,770,460 | 23,373,951 | 19,504,174 |
| Other income: | | | |
| Service charges | 3,929,956 | 3,779,933 | 3,434,544 |
| Other service charges and fees | 1,539,367 | 1,141,879 | 677,191 |
| Loss on sale of securities | (591,856) | (729,727) | (63,688) |
| Mortgage banking income | 289,293 | 469,109 | 356,782 |
| Insurance and brokerage commissions | 388,559 | 386,662 | 429,788 |
| Loss on sale of repossessed assets | (107,712) | (37,811) | (179,886) |
| Miscellaneous | 2,106,188 | 1,658,189 | 1,345,100 |
| Total other income | 7,553,795 | 6,668,234 | 5,999,831 |
| Other expense: | | | |
| Salaries and employee benefits | 11,785,094 | 10,863,779 | 10,259,795 |
| Occupancy | 4,180,058 | 3,948,694 | 3,672,051 |
| Other | 7,017,986 | 5,517,832 | 4,907,923 |
| Total other expenses | 22,983,138 | 20,330,305 | 18,839,769 |
| Earnings before income taxes | 14,341,117 | 9,711,880 | 6,664,236 |
| Income taxes | 5,170,300 | 3,380,900 | 2,233,300 |
| Net earnings | \$ 9,170,817 | 6,330,980 | 4,430,936 |
| Basic earnings per share | \$ 2.41 | 1.67 | 1.16 |
| Diluted earnings per share | \$ 2.36 | 1.64 | 1.15 |
| Cash dividends declared per share | \$ 0.50 | 0.37 | 0.33 |

Refer to Appendix A of Peoples Bancorp of North Carolina, Inc. Proxy Statement, dated April 4, 2007, for a complete set of Consolidated Financial Statements.

shareholder and general information


Annual Meeting

The Annual Meeting of Shareholders of Peoples Bancorp will be held at 11:00 A.M., on Thursday, May 3, 2007, at the Catawba Country Club located at 1154 Country Club Road, Newton, North Carolina.

Shareholders' Luncheon

Shareholders in attendance at the Annual Meeting are cordially invited to remain for a luncheon to be served immediately upon adjournment.

Common Stock

Peoples Bancorp common stock is traded on the over-the-counter (OTC) market and quoted in the NASDAQ (National Association of Securities Dealers Automated Quotations) National Market System, where our symbol is PEBK. 

Price and volume information is contained in the Wall Street Journal; and most major daily newspapers in the "Over-the-Counter Markets" section under the National Market System listing. Peoples Bancorp stock is marketed by Scott & Stringfellow, Inc.; Ryan, Beck & Company and Sterne Agee & Leach, Inc.

Dividend Reinvestment & Stock Purchase

Peoples Bancorp offers a Dividend Reinvestment and Stock Purchase Plan for the benefit of the Corporation's shareholders. The Plan provides for the full or partial reinvestment of cash dividends, optional cash purchases of the Corporation's stock, safekeeping of the share certificates, liquidation of shares, and gifting of shares and enrollment of the designated recipients.

Registrar and Transfer Company, Cranford, New Jersey is the Plan Administrator. For more information one may call the Investor Relations Department at Peoples Bancorp at 828-464-5620 or 800-948-7195 or contact the Plan Administrator at 800-368-5948.

Shareholders of Peoples Bancorp are entitled to receive dividends when and as declared by the Board of Directors out of funds legally available therefore.

Such dividend payments are declared based upon the guidelines of North Carolina and federal banking law.

As of March 09, 2007, the Company had 689 shareholders of record, not including the number of persons or entities whose stock is held in nominee or street name through various brokerage firms or banks.



Corporate Office

Peoples Bancorp of North Carolina, Inc.
518 West C Street
PO Box 467
Newton, NC 28658
828-464-5620

Stock Transfer Agent & Registrar

Registrar and Transfer Company
10 Commerce Drive
Cranford, NJ 07016-3572

Independent Auditors

Porter Keadle Moore, LLP
235 Peachtree Street, NE
Suite 1800
Atlanta, GA 30303

Peoples Bank and Peoples Bancorp Board of Directors

Robert C. Abernethy

Chairman of the Board
Peoples Bancorp of North Carolina, Inc.
and Peoples Bank

President, Secretary and Treasurer
Carolina Glove Company, Inc.

James S. Abernethy

President and Assistant Secretary
Midstate Contractors, Inc.

Douglas S. Howard

Vice President
Howard Ventures, Inc.
Secretary and Treasurer
Denver Equipment of Charlotte, Inc.

John W. Lineberger, Jr.

President
Lincoln Bonded Warehouse Company

Gary E. Matthews

President
Matthews Construction Company, Inc.

Dr. Billy L. Price, Jr., M.D.

Practicing Internist and Partner
Catawba Valley Internal Medicine, P.A.
Clinical Instructor
Wake Forest University School of Medicine

Larry E. Robinson

President and Chief Executive Officer
The Blue Ridge Distributing Company, Inc.

W. Gregory Terry

Executive Vice President
Drum and Willis-Reynolds Funeral Homes
and Crematory

Dan Ray Timmerman, Sr.

President
Timmerman Manufacturing, Inc.

Benjamin I. Zachary

General Manager, Treasurer, Secretary and
Member of the Board of Directors
Alexander Railroad Company



officers and subsidiaries

Peoples Bancorp Officers

Tony W. Wolfe

President and Chief Executive Officer

Joseph F. Beaman, Jr.

Executive Vice President and Corporate Secretary

A. Joseph Lampron

Executive Vice President, Chief Financial Officer and Corporate Treasurer

Lance A. Sellers

Executive Vice President and Assistant Corporate Secretary

William D. Cable

Executive Vice President and Assistant Corporate Treasurer

Peoples Bank Officers

Tony W. Wolfe – President and Chief Executive Officer

Joseph F. Beaman, Jr. – Executive Vice President, Chief Administrative Officer and Corporate Secretary

A. Joseph Lampron – Executive Vice President, Chief Financial Officer

Lance A. Sellers – Executive Vice President, Chief Banking Officer

William D. Cable – Executive Vice President, Chief Operations Officer

Kimberly L. Boyd – Senior Vice President, Banking Support

David E. Reitzel – Senior Vice President, Real Estate Administration

Clifton A. Wike – Senior Vice President, Senior Lender

Kimberly D. Bazzle – First Vice President, Marketing and Training

David C. Brown – First Vice President, Certified Financial Planner

Steven F. Cloninger – First Vice President, Credit Administration

George S. Earp – First Vice President, Finance

Jeffrey P. Gniadek – First Vice President, Area Executive

James O. Perry – First Vice President, Retail Banking Manager

J. Manuel Rey – First Vice President, Director of Banco de la Gente

Daniel F. Richard – First Vice President, Senior Lender

Kyle E. Sigmon – First Vice President, Consumer Credit

Mark W. Sigmon – First Vice President, Area Executive

Brenda L. Terrell – First Vice President, Application Operations Manager

John M. Woods – First Vice President, Area Executive

Nancy A. Anderson – Vice President, Mortgage Loan Originator

Patsy D. Black – Vice President, Retail Banking Officer

Christopher L. Brookshire – Vice President, RAA/GAA

Kay F. Deal – Vice President, Business Center Manager, Conover

John R. Duncan – Vice President, Problem Asset Manager

Barbara K. Farnsworth – Vice President, Business Center Manager, Lincolnnton

Mark W. Gustafson – Vice President, Investment Account Executive

Tommie A. Hall – Vice President, Loan Documentation

Diane L. Klein – Vice President, Business Center Manager, Viewmont

M. Beth LaBarbera – Vice President, Business Center Manager, Springs Road

E. Dean Lawing – Vice President, Mortgage Loan Underwriter

David S. Lewis, Jr. – Vice President, Business Development Officer

Cynthia H. Huffman – Vice President, Business Center Manager, Catawba Valley Blvd.

Rick D. Moser – Vice President, Business Development Officer

Tammy H. Pope – Vice President, Business Systems

Hight D. Reid – Vice President, Business Center Manager, West Lincoln

Jeanette R. Ringley – Vice President, Business Center Manager, Newton

Joe S. Tripp – Vice President, Business Development Officer

Peoples Bank Subsidiaries' Board of Directors and Officers

Peoples Investment Services, Inc.

Board of Directors

| | |
|---------------------|-------------------------|
| Robert C. Abernethy | Dr. Billy L. Price, Jr. |
| David C. Brown | Larry E. Robinson |
| Douglas S. Howard | Tony W. Wolfe |

Officers

Tony W. Wolfe – President
 David C. Brown – Vice President and Assistant Secretary
 Joseph F. Beaman, Jr. – Secretary
 A. Joseph Lampron – Treasurer

Real Estate Advisory Services, Inc.

Board of Directors

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| Robert C. Abernethy | Dan Ray Timmerman, Sr. |
| David E. Reitzel | Tony W. Wolfe |

Officers

Tony W. Wolfe – President
 David E. Reitzel – Vice President
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